

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF LOUISVILLE CELLULAR)
TELEPHONE COMPANY, BLUEGRASS CELLULAR)
TELEPHONE PARTNERS AND CENTRAL KENTUCKY)
CELLULAR TELEPHONE COMPANY FOR APPROVAL) CASE NO. 10169
OF THE TRANSFER OF OWNERSHIP AND CONTROL)
OF THE PUBLIC SERVICE BUSINESSES OF)
LOUISVILLE CELLULAR TELEPHONE COMPANY)
AND BLUEGRASS CELLULAR TELEPHONE)
PARTNERS TO CENTRAL KENTUCKY CELLULAR)
TELEPHONE COMPANY)

O R D E R

On February 17, 1988, Louisville Cellular Telephone Company ("Louisville Cellular"), Bluegrass Cellular Telephone Partners ("Bluegrass Cellular"), and Central Kentucky Cellular Telephone Company ("Central Kentucky Cellular") filed a joint application, pursuant to KRS 278.020(4) seeking Commission approval of the transfer of ownership and control of the utility businesses of Louisville Cellular and Bluegrass Cellular to Central Kentucky Cellular.

DISCUSSION

Louisville Cellular is a Kentucky partnership between McCaw Communications of Louisville, Inc., ("McCaw of Louisville") and McCaw Communications of Louisville II, Inc., ("McCaw of Louisville II"). Both McCaw of Louisville and McCaw of Louisville II are wholly owned subsidiaries of McCaw Cellular Communications, Inc. ("McCaw").

Bluegrass Cellular is a Kentucky partnership between Bluegrass Cellular, Inc., and McCaw Communications of Lexington, Inc. ("McCaw of Lexington"). McCaw of Lexington, which holds a 49 percent interest in Bluegrass Cellular, is a wholly owned subsidiary of McCaw. Bluegrass Cellular is currently managed by McCaw of Louisville.

Central Kentucky Cellular is a proposed partnership between Louisville Cellular and Bluegrass Cellular. Under the proposed partnership agreement, attached as Exhibit B to the joint application, Louisville Cellular will hold a 67.65 percent partnership interest in Central Kentucky Cellular, and Bluegrass Cellular will hold a 32.35 percent interest. According to Exhibit B, each party will contribute the assets of its respective cellular system to Central Kentucky Cellular. Additionally, both Louisville Cellular and Bluegrass Cellular will contribute a total of \$50,000 in cash to the partnership. In return, Central Kentucky Cellular will assume the debts of the partners which relate to construction and operation of the respective cellular systems.

After the proposed transfer, Central Kentucky Cellular will conduct business under the name "Cellular One/Central Kentucky Cellular Telephone Company." Central Kentucky Cellular intends to adopt the tariff of Bluegrass Cellular as its tariff, which will result in some changes in rates, terms, and conditions of service under which Louisville Cellular's customers currently receive service. The effect of the transfer should be generally transparent to current customers of Bluegrass Cellular.

ABILITIES OF CENTRAL KENTUCKY CELLULAR

Upon a request pursuant to KRS 278.020(4), the Commission grants approval if the person acquiring the utility or utilities has the financial, technical, and managerial abilities to provide reasonable service. Supporting documentation filed with the joint application persuades this Commission that Central Kentucky Cellular has the requisite abilities to provide reasonable service.

Income statements and balance sheets for Louisville Cellular and Bluegrass Cellular and a pro forma balance sheet for Central Kentucky Cellular were filed as Exhibit E to the joint application. Exhibit E was filed with a joint petition for confidentiality, pursuant to 807 KAR 5:001, Section 7. The Commission agrees that disclosure of the information contained in confidential Exhibit E would result in injury to Central Kentucky Cellular, and the request for confidential treatment is hereby granted. A review of Exhibit E demonstrates to the Commission that Central Kentucky Cellular has the financial ability to provide reasonable service.

The widespread participation of McCaw in the cellular telecommunications business serves as evidence to this Commission of McCaw's technical and managerial abilities to provide reasonable service. The Commission notes that Bluegrass Cellular is currently managed by McCaw of Louisville. Additionally, Louisville Cellular Telephone Company is managed by subsidiaries of McCaw. Since certification of Louisville Cellular and Bluegrass Cellular, both utilities have provided reasonable

service to the public. The Commission fully expects that the transfer proposed by the joint applicants will in no way effect the ability of McCaw to properly manage the utility businesses now owned by Louisville Cellular and Bluegrass Cellular.

FINDINGS AND ORDERS

The Commission, after consideration of the evidence of record and being advised is of the opinion and finds that the proposed transfer described by the joint application should be approved. The joint petition for confidentiality, being consistent with 807 KAR 5:001, Section 7 should be approved.

IT IS THEREFORE ORDERED that:

1. The proposed transfer of ownership and control of the utility businesses of Louisville Cellular and Bluegrass Cellular to Central Kentucky Cellular, be and it hereby is approved.

2. The joint petition for confidentiality be and it hereby is approved.

3. Pursuant to 807 KAR 5:011, Section 11, Central Kentucky Cellular shall adopt, ratify, and make its own all tariffs and price lists containing rates, rules and regulations filed with the Commission by Bluegrass Cellular. The proposed adoption notice, attached as Exhibit G to the application, be and it hereby is approved.

4. Within 30 days after the date of transfer, Central Kentucky Cellular shall provide notice to the Commission.

5. Louisville Cellular and Bluegrass Cellular shall have the responsibility of filing with the Commission annual reports

for that portion of 1988 in which they operated their cellular systems.

6. Central Kentucky Cellular shall have the responsibility of filing with the Commission an annual report for that portion of 1988 in which it operates the system created by the transfer.

Done at Frankfort, Kentucky, this 6th day of April, 1988.

PUBLIC SERVICE COMMISSION

Richard D. Hemmelf
Chairman

Robert M. Davis
Vice Chairman

James H. Williams, Jr.
Commissioner

ATTEST:

Executive Director